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CHEMIST SURFACES IN PROBE OF BARRELS - STILL ACTIVE AT 88, NORTHVALE LEARNS

The Record (New Jersey) - June 22, 2000**Author:** DEENA YELLIN, **Staff Writer:** *The Record*

The owner of a Northvale factory where some 55,000 gallons of toxic solvents were buried in the 1960s has been located in California, where he makes vitamins that draw raves from Hollywood stars, officials said Wednesday.

Jay Patrick, 88, the former chief chemist and president of **Tect Inc.**, was assumed dead by town officials when they announced news of the contamination at the **Tect** site this year.

But with Patrick's whereabouts now known, the state and borough hope to make him pay for the estimated \$2 million cleanup of the 2.1-acre parcel of land where nearly 1,000 barrels of solvent have been buried.

"He was selling chemicals and taking back the residue. Instead of recycling, he was just burying it. That's criminal," Mayor John Rooney said at a news conference at Borough Hall.

Because the solvents were buried 32 years ago, criminally prosecuting Patrick would be difficult, but he could be held liable in civil court, Rooney said.

Reached after the news conference, Patrick acknowledged the burial of the chemicals at his old business at 254 Livingston St., but claimed he did not know a better way of disposing of them.

"I can't say I'm proud that we buried those things, but there was nothing else we could do," Patrick said. "We couldn't burn it because that would kill people, and we couldn't bury it up in the mountains. There was no alternative.

"In those ignorant days, that's what we did. We were helping highly reputable factories around the country. There was never any ill intent."

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Rooney scoffed at Patrick's defense, asserting that the dangers of the solvents were well known at the time. "He is a chemist who knew what these chemicals can do. He has no excuse. There are all kinds of processes to dispose of it," he said.

Today, Patrick is president of Alacer Corp., a vitamin manufacturing company in Foothill Ranch, Calif., that he founded in 1971. This year, the company expects to bring in \$24 million, Patrick said.

"I'm glad he's making a good living because the state of New Jersey will go after him for liens and assets," Rooney said.

Some town officials have accused Patrick of hiding evidence of his activities behind large trucks and tall walls of barrels, but Patrick said he was open about the burial of the drums.

"There was no secret about it," he said. "It was all done in daylight."

He said he doubted that the state would be able to tap his assets to pay for the cleanup of the site, which is being funded by the state Department of Environmental Protection.

"This was 30 years ago; I don't know what they could do at this point," he said.

Since March, a company hired by Northvale has been investigating and cleaning the site, where the 55-gallon drums containing TCE (trichloroethylene), PCE (tetrachloroethylene), and PCBs are buried. Some of the barrels, which are buried three-deep some 18 feet underground, have leaked and others are decayed.

Investigators recently halted their excavation to install monitors to determine the extent of the contamination. The results should be available within two weeks, said Helga Crowley, project manager for Jacobs Environmental, the firm handling the cleanup.

At this point, there is no evidence that contamination has migrated off the site, Crowley said. Officials have said residents should not fear any health hazards from the site.

That has not stopped Carmen Rosen from being concerned about her family's drinking well, which recently was found to be contaminated with PCE. The well, located about three-quarters of a mile from the **Tect** site, is the only known drinking well in town. Other properties are supplied by United Water New Jersey.

Since her family received the test results, it has stopped drinking the well water and switched to United Water, she said.

But Rosen remains anxious about the health effects from drinking contaminated well water.

"My brother died of cancer four years ago at a young age; everyone in my family suffers from stomach problems," she said. "Is this what caused it? I don't know, but I'm scared and I want to know what's being done. I want to know if this water is safe."

Nothing can be confirmed until results come back from the monitoring wells, which will show how far the contamination has spread, officials said. If contamination has spread as far as Rosen's home and it can

be confirmed that her brother's cancer and her family's ailments were caused by the **Tect** contamination, she can bring a suit against Patrick, Rooney said.

Patrick's whereabouts were brought to the town's attention after an anonymous letter was sent to a local newspaper, which showed it to town officials. The letter said that Patrick is a multimillionaire in California and president of Alacer. The writer pointed to the Alacer Web site, where Patrick is described as the former president and chief chemist of a "successful chemical company in Northvale, N.J."

The Web site shows photos of Patrick with Chuck Norris, who credits Alacer for his vigor, and includes testimonials for the company's products from Sylvester Stallone and several Major League Baseball players.

The site also touts Patrick's upcoming book, "Staying Alive And Being Alive."

After examining the Web site, Police Chief Edward Giannotti said he knew Patrick was the same man as the president of **Tect**. He contacted the DEP, which is now in the process of taking action against Patrick, Rooney said. The agency will place a lien on Patrick's home in Trabuco Canyon, he said.

Patrick said he is now devoted to making people healthy. According to his company's Web site, he founded the Committee for World Health, a non-profit research foundation which also is involved in charitable activities, in 1978 and hosted the first World Conference on Vitamin C in Palm Springs.

Patrick said he works 60 hours a week and that working is what keeps him alive.

Rooney said he wants him to keep at it. "I hope he keeps working and eating healthy and alive. We need him."

Staff Writer Deena Yellin's e-mail address is yellin(at)bergen.com

Edition: All Editions

Section: NEWS

Page: A1

Index Terms: NORTHVALE ; CHEMICAL ; HAZARD ; HISTORY ; BUSINESS ; EXECUTIVE ; JAY PATRICK

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NORTHVALE PROBING MORE TOXIC DRUMS - 400 DECAYING BARRELS MAY STILL BE BURIED

The Record (New Jersey) - August 11, 2000

Author: DEENA YELLIN, Staff Writer: The Record

A recently discovered hazardous waste site at an abandoned industrial facility in the center of town may be more contaminated than officials first thought.

About 750 barrels that once contained carcinogenic chemicals have already been excavated from the 2.1-acre site at 254 Livingston St., but investigators believe even more barrels may be buried underneath a building on the property.

The building, which once housed **Tect Inc.**, was added to the main facility during the 1960s, about the same time the barrels were buried, one company official acknowledged.

Several barrels have been sighted under the walls supporting the building, said Joseph Hockreiter, vice president of BBL, the parent company of Jacobs Environmental, the engineering consulting firm handling the investigation.

"We were told by a former contractor of the building that there may be drums beneath the foundation of at least part of the building," Hockreiter said.

Investigators working for Jacobs can't predict how many more drums may be buried, but some town officials believe there could be as many as 400. It is the second time that more barrels have been discovered.

Jay Patrick, 88, the former president of **Tect Inc.**, acknowledged in an interview with The Record several weeks ago that the company buried the barrels because he did not know of a better way of disposing them.

Patrick, who is president of a multimillion-dollar vitamin company in California, told Northvale officials recently that he did not know of any

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barrels buried beneath the building addition.

But Mayor John Rooney is skeptical of Patrick's claims.

"We have seen a barrel under the footings, making us believe there are more," Rooney said.

Since March, Jacobs has been investigating and cleaning the site where the drums containing TCE (trichloroethylene), PCE (tetrachloroethylene), and other solvents are buried.

Most of the drums that have been recovered were decayed, and their contents had leaked into the ground, said Helga Crowley, the engineering consultant handling the project for Northvale.

Five samples from five different ground water-monitoring wells recently came back showing high levels of contamination. Further ground water testing will be necessary to determine the extent of contamination.

Deeper wells had a higher level of contamination than the shallow one. One solvent, TCE, ranges from 11 parts per billion to 11,000 parts per billion, well over the 1 part per billion standard for ground water, said Peter Page, a spokesman for the state Department of Environmental Protection.

The results reveal that at least some of the contamination in the underground plume has traveled northeast toward Sparkhill Brook, which feeds into the Hudson River, Crowley said.

Crowley stressed that the ground water contamination poses little danger to residents, since they are supplied by United Water New Jersey, and that 10 private wells in Rockland County, within a half-mile of the contaminated site, have tested negative for contamination.

The wells on the New Jersey side are either sealed or are not used for drinking water. Non-drinking water wells are used either for watering lawns or in a cooling system on an air conditioning unit.

In June, investigators also went door to door within a half-mile radius of the site to determine how many wells were in the area and whether they were used for drinking. They did not find any drinking wells, Hockreiter said.

The nearest private drinking well is a half-mile away and the resident is supplied by United Water.

The Rockland County Health Department has also tested several wells in the Orangetown area and did not find any contamination of drinking water, said Crowley.

PCE and TCE are chlorinated organic solvents that have been used for industrial manufacturing processes and dry cleaning for 40 years. A variety of toxic effects have been linked to the chemicals and some are potentially cancer-causing. But for the chemicals to warrant a serious hazard, a person must come into direct contact with them. So far, officials say there is no danger that anyone has been exposed.

Nevertheless, the chemicals pose significant potential risks, Hockreiter said.

"Now that we know we have a significant ground water problem and the plume could be moving in the direction of drinking wells that have not been evaluated, we really need to study it," he said.

The town hopes to raze the addition in the next two weeks, which will allow cleanup crews to recover any drums buried in that area. The lowest bid the town has received for the building demolition thus far is \$7,500, but the town is still looking, Rooney said.

If more drums are recovered from the area, the cost of demolition will be handled by the state, which is funding the site remediation, Rooney said. Otherwise, the costs will have to be shouldered by Northvale since the state funds are earmarked for investigation purposes only and not site-improvement purposes.

The New Jersey Hazardous Discharge Site Remediation Fund, a state fund that goes toward investigating contaminated sites, recently gave an additional \$400,000 grant to Northvale, in addition to a \$450,000 grant for the site cleanup.

Investigators believe the entire project will take up to \$2 million. So far more than \$500,000 has been spent on the investigation, Hockreiter said.

The state is trying to force Patrick to reimburse the state for the estimated cost of the cleanup.

The state Attorney General's Office is considering its options, including a civil action against Patrick to recover the state's costs and liens against his property, said Sue Boyle, assistant commissioner for site remediation for the DEP.

Northvale has advised Patrick's attorneys that if Patrick cooperates with the town on its investigation, some of the fees to the state will be reduced.

Despite all the turmoil resulting from the burial of the drums, Rooney said he is confident the borough will find a commercial developer for the site.

Staff Writer Deena Yellin's e-mail address is yellin(at)bergen.com

Edition: All Bergen Editions Two Star B One Star B

Section: NEWS

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BUYERS SHOW INTEREST IN CLEANUP SITE - TOXIC DRUMS BEING REMOVED

The Record (New Jersey) - October 4, 2000**Author:** DEENA YELLIN, *Staff Writer: The Record*

The \$1.5 million cleanup of the contaminated property in the heart of downtown is months away from completion, but the borough is already getting nibbles from potential buyers.

Mayor John Rooney said he has received calls and letters from companies and local developers asking about the size and estimated price of the property.

"The real estate market here is so hot. We're one of the hottest towns in the county," said Rooney, adding that Northvale property values increased by 34.9 percent over the past five years.

The market is so hot that potential buyers don't seem discouraged that 760 drums containing carcinogenic chemicals were recently discovered on the site of this former chemical factory and that new owners are responsible for cleaning up contaminated soil.

Workers are now removing the drums. Whoever buys the site will have to continue the cleanup, but the state offers a 75 percent rebate toward the cost of redeveloping so-called brownfield sites.

"I don't believe it will be very complicated" to clean up the site quickly, said Joe Hochreiter, whose firm is overseeing the investigation of the contamination and the removal of the drums.

Borough officials said they are elated by inquiries from potential buyers and the prospect that the property may be sold and back on Northvale's tax rolls in a few months.

Since last March, engineers have been investigating and clearing the site, where rotting barrels of chemicals were buried three-deep. The former president of **Tect Inc.**, Jay Patrick, told The Record he buried the containers in the 1960s because he did not know of a better way of disposing them.

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The state is trying to force Patrick, now president of a vitamin manufacturing company in California, to reimburse New Jersey for the cost of the cleanup, according to Rob Schmidt, a DEP spokesman.

Local and state officials have known about the contamination since 1982, but were powerless to do anything before because the owners of the property at that time shifted blame to **Tect** and refused to clean the soil.

When Northvale foreclosed on the property in 1998 after the owners failed to pay their taxes, the town agreed to shoulder responsibility for the cleanup and began securing state and federal funding for the project.

The drums, which contained toxic solvents, had leaked over the decades, contaminating the soil with TCE, PCE, methylene chloride, and other industrial solvents. In addition, two large underground tanks were discovered by cleanup crews, and the borough is trying to obtain more funds so it can have them removed and tested. It is not known what those tanks contain.

Samples from five ground water monitoring wells installed on the site found concentrations of DCE, a toxic solvent, in 91,000 parts per billion in a well located at the rear of the property - more than 9,100 times the standard considered safe in New Jersey.

Officials maintain that residents have nothing to fear from the contamination.

"There is no health threat whatsoever. The contamination is not a problem," said Rooney. "As long as nobody is drinking the water, it's fine."

Hochreiter, vice president of BBL, the parent company of Jacobs Environmental, the engineering consulting firm handling the cleanup project, agreed.

"The source of the contamination has been removed, and the soil contamination is limited to the site itself," Hochreiter said. "The ground water contamination is not an issue for anybody unless they are drinking water from their well. We have done a door-to-door search to make sure that is not happening."

Yet worry prevails among some Northvale residents. Rooney may have gotten inquiries from potential buyers, but several Realtors have said house hunters fear the contamination may have spread to other parts of town. At least two potential buyers have backed out of purchasing homes in the area for fear of possible health hazards, they said.

Glen Donovann, a salesman at a store a block away from the contaminated site, thinks about the potential health risks all the time. "It makes me nervous," he said.

Maryanne Rossi, a checkout clerk at the ShopRite located a block away is also worried. "It was a terrible shock when I heard about it," she said. "Now I'm scared of getting sick."

Most of the 760 drums have been dug up and sold to a metal recycler. The rear section of the building has been demolished. Two storage

tanks and a larger building must be removed.

Meanwhile, environmental testing continues. Officials are unsure if - and how far - ground water contamination has spread.

Several wells were tested in the Rockland County area by the Rockland County Health Department and none was found to be contaminated. In the next month, a dozen ground water monitoring wells will be installed throughout Northvale up to the New York State line. Soil samples will also be collected to determine how much solvent remains in the soil.

The remediation of ground water will take time and be more complicated than the cleanup of soil, Hochreiter said. It has not been decided who will pay for any ground water work, but the land can be sold and redeveloped while that issue is being examined, officials said.

"It needs to be thoroughly understood where the contamination has migrated over the past 40 years," Hochreiter said. "If it has the potential to threaten drinking water sources, it has to be controlled."

Staff Writer Deena Yellin's e-mail address is yellin(at)bergen.com

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Section: NEWS

Page: L3

Index Terms: NORTHVALE ; REAL ESTATE ; SALE

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Exhibit H

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Before the Hon. Howard V. Calverley, Referee in Bankruptcy

In the Matter of

TECT, INC.,

Bankrupt.

No. 72-7958

FILED

SEP 25 1972

VINCENT J. COMMISA
Hearing re 21a Examination of Witnesses.

Los Angeles, California
Wednesday, August 2, 1972
10:00 a.m.

OYLER, ROOKS & BOXLEY

132 WEST FIRST STREET
LOS ANGELES, CALIFORNIA 90012
624-1803

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I N D E X

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>
JAMES WARREN PATRICK	3 38	--
LINDA SUE MORRIS	34	--
VINCENT E. THOMASON	40	--
LEO TURNER	47	--

-- -- --

1 UNITED STATES DISTRICT COURT
2 CENTRAL DISTRICT OF CALIFORNIA
3

4 IN THE MATTER OF

5 TECT, INC.,

6 Bankrupt.

}
}
} No. 72-7958

7
8
9 Hearing re 21a Examination of Witnesses.

10
11 The following is a stenographic transcript of the
12 proceedings in the above-entitled cause which came on for
13 hearing before the Honorable Howard V. Calverley, United
14 States Referee in Bankruptcy, at his courtroom, 339A
15 United States Courthouse, Los Angeles, California, at the
16 hour of 10:00 o'clock, a.m., Wednesday, August 2, 1972.

17
18 APPEARANCES:

19 For the Trustee:

GEORGE J. MINISH

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1
2 This is an examination of witnesses in this jurisdiction
3 in connection with a matter pending in the District Court
4 of New Jersey, the case being named Tect, Incorporated,
5 No. 72-7958. You may proceed. Will counsel identify
6 himself for the record?

7 MR. MINISH: Yes, your Honor. I am George Minish.

8 THE REFEREE: Are the witnesses present?

9 MR. MINISH: Yes, your Honor.

10 THE REFEREE: You may call your first witness.

11 MR. MINISH: I will call Mr. Patrick to the stand.

12
13 JAMES WARREN PATRICK,
14 called as a witness on behalf of the Trustee, having been
15 first duly sworn, testified as follows:
16

17 Q BY THE REFEREE: State your name.

18 A My name is James Warren Patrick.

19 Q Where do you live?

20 A I live at 73561 Feather Trail, Palm Desert,
21 California.

22 Q What is your business or occupation?

23 A I am now principally engaged in the development
24 and offering of new products in the nutritional field.

25 Q Do you have a business name?

A Alacer Corporation.

marketing of food products?

A Yes, sir.

Q Did you at any time have any connection with Tect, Incorporated?

A I founded the firm in 1949 and I was president for 21 years.

Q Where was its principal place of business?

A In Northvale, New Jersey.

Q When did you leave New Jersey?

A I left New Jersey the last time on January 25, 1972.

Q Since that time have you been living in Palm Desert?

A Yes, except during the week when I stay in a room adjoining my office in Buena Park.

Q Are you quite familiar with the business affairs of Tect, Incorporated?

A Yes, sir.

THE REFEREE: You may examine.

DIRECT EXAMINATION

BY MR. MINISH:

Q Mr. Patrick, Tect, Incorporated filed a bankruptcy petition in the United States District Court of New Jersey, on January 27, 1970. Is that correct?

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Q At that time were you the president of Tect, Incorporated?

A Correct.

Q At that time Tect, Incorporated operated two sites?

A Yes.

Q One in Northvale, New Jersey?

A Right.

Q And the other was where?

A La Mirada.

Q California?

A California.

Q The premises of Tect, Incorporated in New Jersey were liened by the Small Business Administration on a loan?

A The entire operation, including both corporations, yes, sir.

Q Was that through the Atlantic Bank of New York?

A Yes, sir.

Q In what business was the California corporation engaged, the one located in La Mirada?

A In the distribution and reclamation of chlorinated solvents and other special items.

Q Were you also the president of that corporation?

A Yes, sir.

Q What was your salary as president?

1 A I must apologize, but I think it was \$100 a week.
2 That is all I drew. It might have been a little more.
3 Q \$100 a week?
4 A \$100 a week. That is all I drew.
5 Q Was that throughout the period of the life of the
6 corporation?
7 A Yes, sir. That is all I drew.
8 Q When did you close the plant in California?
9 A I closed the plant in early February, about two
10 weeks after I arrived in California.
11 Q Just as you arrived in California from New Jersey?
12 A Yes.
13 Q Was this after your petitions were filed?
14 A Yes, sir.
15 Q Did you form a new corporation when you closed the
16 plant?
17 A I formed a new company.
18 Q What was the name of that company?
19 A Alacer Co. first -- just Co.
20 Q Is that incorporated in the State of California?
21 A It is now a corporation, Alacer Corporation.
22 Q When did you first start doing business as Alacer
23 Co.?
24 A The first sale I made and did business was on
25 about February 10.

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C E R T I F I C A T E

I, BRYON OYLER, hereby certify that on the 2nd day of August, 1972, I attended and reported, as official court reporter, the proceedings in the above-entitled and numbered matter before the Honorable Howard V. Calverley, Referee in Bankruptcy in this matter, and that the foregoing is a true and correct transcription of my stenographic notes thereof.

Dated at Los Angeles, this 14th day of August, 1972.



Official Court Reporter

Exhibit I

FILED

JUN 14 1972

VINCENT J. GEMMISA
REFeree in Bankruptcy

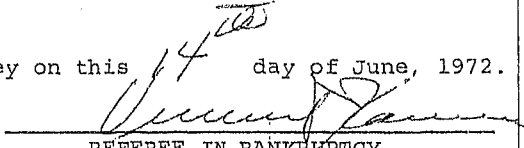
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

In the Matter of : In Bankruptcy No. B-120-72
:
TECT, INC. : ORDER AUTHORIZING ANCILLARY PROCEEDINGS
: TO EXAMINE DESIGNATED PERSONS UNDER
BANKRUPT. : SECTION 21a

Upon the annexed application of George J. Minish, the Trustee herein dated June 12th, 1972 and no adverse interest being represented, it is

ORDERED that George J. Minish, Trustee, by his attorney, be and he hereby is, authorized to institute ancillary proceedings to conduct the examination of James W. Patrick, President of the bankrupt corporation, and Vince Thomason, Leo Turner and Linda Morris, employees of said bankrupt corporation, before a Referee in Bankruptcy in Los Angeles, California, as to the acts, conduct, and property of the bankrupt herein,

Dated Newark, New Jersey on this 14 day of June, 1972.


REFeree in Bankruptcy

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

In the Matter of : In Bankruptcy No. B-120-72
:
TECT, INC., : APPLICATION FOR ORDER AUTHORIZING
:
Bankrupt. : ANCILLARY PROCEEDINGS TO EXAMINED
:
DESIGNATED PERSONS UNDER SECTION 21a

TO: HONORABLE VINCENT J. COMMISA
REFEREE IN BANKRUPTCY

The application of George J. Minish respectfully alleges

1. I am the Trustee herein duly qualified and acting as such.

2. The Bankrupt was engaged in the business of solvent reclamation at Northvale, New Jersey and at La Mirada, California, and James W. Patrick was president of the corporation. Vince Thomason of Anaheim, California was also associated with the bankrupt corporation. Leo Turner of Buena Park, California and Linda Morris of Anaheim California were also former employees of the Bankrupt corporation.

3. The Bankrupt had filed a Petition in Bankruptcy on January 27th, 1972.

4. At the First Meeting of Creditors in the bankruptcy, James W. Patrick did appear for examination. Vince Thomason, Leo Turner and Linda Morris, did not appear at said time.

5. Subsequent to the First Meeting of Creditors, your applicant learned that certain assets held by the bankrupt corporation were transferred to a new corporation formed by Mr. James W. Patrick. The new corporation is Alacer, Corp. located in California. Additional information has been

provided to your applicant that seems to indicate that certain funds held by Tect, Inc. were transferred to Alacer, Corp.

6. The cost of transporting the above named individuals to Newark, New Jersey would be prohibitive.

7. It is necessary in the administration of this estate to examine the above named individuals as to their acts, conduct and property of the above named bankrupt.

WHEREFORE, applicant prays for an Order authorizing ancillary proceedings for the examination of said James W. Patrick, Vince Thomason, Leo Turner and Linda Morris before a Referee in Bankruptcy in Los Angeles, California, concerning the acts, conduct, and property of the bankrupt herein.

Dated Nutley, New Jersey, June 12th, 1972.

GEORGE J. MINISH
TRUSTEE

George J. Minish,
Attorney Pro Se
345 Centre Street
Nutley, New Jersey 07110

Exhibit J

WESTERN CHEMICAL & MANUFACTURING COMPANY

MAIN OFFICE

3270 East Washington Boulevard
Los Angeles, California 90023
Phone: (213) 269-0191

BRANCH OFFICE

945 Amas Avenue
Milpitas, Calif. 95035
Phone: (408) 262-2830

August 16, 1972

VIA AIR MAIL

MR. GEORGE J. MINISH, TRUSTEE
345 Centre Street
Nutley, New Jersey 07110

Dear Sir:

With regard to the listing of the tanks and equipment that are being offered for sale in connection with the bankruptcy of TECT, INC., please be advised that we have made some modifications on the list in accordance with the information that Vincent Thomason indicates is correct.

I have listed below the list of tanks that are owned by TECT, INC., and stored at other places, and a list of equipment that is owned by TECT, INC., being stored on the premises of Alacer Company.

- 1) About 650-gallon stainless tank intended for conversion into still/
stored at KEESEE TANK, 1922 South Anaheim, Anaheim, California.
- 2) Two 1000-gallon mild steel tanks probably good condition, stored inside/
stored at CARPENTER TECHNOLOGY, Santee, California.
- 3) 275-gallon mild steel tank/ stored at NATIONAL TUBE BENDING,
1950 Placentia, Costa Mesa, California.
- 4) 550-gallon mild steel tank, fair condition/stored at GOLFCRAFT, INC.,
1021 West Mission Avenue, Escondido, California.
- 5) Two 275-gallon tanks, outside storage, poor condition/stored at
TELEDYNE SYSTEMS, Aviation Blvd., Los Angeles, California.
- 6) 275-gallon mild steel/stored at CIRCLE SEAL, Anaheim, California.
- 7) 275-gallon mild steel/stored at POMONA ELECTRONICS, Pomona, Calif.

Equipment stored at ALACER Company:

- 1) One National vacuum cleaner.
- 2) One pump with motor.
- 3) One barrel hand truck.
- 4) One Oberdorfer pump (needs overhaul).

(continued)

MR. GEORGE J. MINISH
August 16, 1972
Page 2

Equipment stored at ALACER COMPANY (continued):

- 5) One round stainless steel tank, approximately 650 gallons, with stand and hose.
- 6) One pump with motor.
- 7) One stainless steel tank (square), approximately 1000 gallons.
- 8) One filter, 12" diameter x 30" (nine-cartridge unit).
- 9) One 4" Milipore filter.
- 10) Two 3/4" Trisure cap sealers.
- 11) Two 2" Trisure cap sealers.
- 12) One small container manual can or bottle filler.
- 13) One executive desk and chairs, with side arm chairs and table.

Rights to Name, etc.:

Exclusive rights and privilege for the use of any copyrighted and/or registered trademarks held by TECT, INC. Including the names, "VYTHENE", "TECTSOLVE", and "FLUGENE". Also the right to the use of any proprietary information and formulations that may be available.

We have deleted the tank that you listed at ASTRODATA, since Vince indicates that this tank is owned by the ASTRODATA COMPANY and not by TECT, INC., and the tank is underground anyway. We have added one tank that is located at POMONA ELECTRONICS in Pomona, since Vince indicates that there is a tank there that is also the property of TECT.

He has also added several items onto the list of equipment at ALACER that were mentioned during the court hearing that perhaps your secretary may have overlooked when she was listing the equipment at that location.

At any rate, it is our proposal to submit you a bid of \$1691.00 for the total package of the two lists noted above and the use of the names. If there is any question relative to the lists or any corrections to be made or deletions that should be made, please advise and we will modify our bid accordingly.

You will note that, as per our conversation, I have also included a statement relative to the use of the name and copyrights that may be held by TECT, INC. I will appreciate very much your expediting this as rapidly as possible and advising if there are any problems or difficulties.

Very truly yours,

WESTERN CHEMICAL AND MANUFACTURING COMPANY


Fred W. Cluff

FWC:gc

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

FILED

MAY 30 1973

VINCENT J. CUMMISA
REFEREE IN BANKRUPTCY

IN THE MATTER OF
TECT, INC.
BANKRUPT.

: In Bankruptcy No. B-120-72
: ORDER APPROVING ACCEPTANCE OF OFFER
:
:
:

The Trustee herein, George J. Minish having received an offer of \$1,691.00 from Western Chemical and Manufacturing Co. for certain equipment which is the property of the bankrupt estate; and it appearing that a public sale of said assets likely would not result in a better or higher offer,

It is on this 30th day of May, 1973, on motion of George J. Minish, Trustee herein,

ORDERED that the Trustee accept the offer of Western Chemical and Manufacturing Co. to purchase all of the Trustee's right, title and interest in and to said equipment and it is further

ORDERED that upon receipt of the balance of the purchase price the Trustee deliver to the proper purchaser all necessary instruments of transfer for said assets.


REFEREE IN BANKRUPTCY

FILED

JUN 6 1972

VINCENT J. COMMISSA UNITED STATES DISTRICT COURT
REFeree in Bankruptcy DISTRICT OF NEW JERSEY


In the Matter of : In Bankruptcy No. B-120-72
:
TECT, INC. : ORDER APPROVING ACCEPTANCE OF
: OFFER
Bankrupt. :

The Trustee herein, George J. Minish having received an offer of \$15,430.00 from Western Chemical and Manufacturing Co. to purchase all of the trustee's right, title and interest in and to the assets referred to in Schedule A attached hereto, and it appearing that a public sale of said assets likely would not result in a better or higher offer,

It is on this 6th day of June, 1972 on motion of George J. Minish, Trustee herein;

ORDERED that the Trustee accept the offer of Western Chemical and Manufacturing Co. to purchase all of the trustee's right, title and interest in and to said assets referred to on Schedule A annexed hereto and it is further

ORDER that upon receipt of the balance of the purchase price the Trustee deliver to the proper purchaser all necessary instruments of transfer for said assets.


REFeree in Bankruptcy

D SCHEDULE 'A' D
TECT, INC., EQUIPMENT LIST

400-gallon stainless steel POT STILL with stainless steel distillation column (approximately 6" x 6'), used for fluorinated solvent (too small to make spec material).

- 1 2-HP AIR COMPRESSOR
- 1 1000# PLATFORM SCALE.
- 1 2000-gallon Black Iron STORAGE TANK
- 1 1280-gallon stainless steel STORAGE TANK, upright
- 1 vertical DRIER (or FILTER), black iron, 12" x 5', has quick connects.
- 1 vertical DRIER (or FILTER), black iron, 20" x 8', has quick connects.
- 2 2100-gallon vertical STORAGE TANKS, black iron (one with sight glass), used tanks.
- 1 1/2-HP PUMP and MOTOR.
- 1 2700 vertical STORAGE TANK, black iron.
- 1 CONDENSER SHELL jacketed, 12" x 8', inside, stainless steel
- 1 DRIER, 20" x 8', black iron.
- 1 500-gallon LEG TANK, black iron.
- 10-HP (estimated) gas fired STEAM BOILER
- 1 BATCH STILL, 5' x 6', black iron; with black iron condenser, 10" x 10'; with temperature controls
- 1 stainless steel STORAGE TANK, 5' x 10', approximately 1500 gallons.
- 1 500-gallon black iron TANK on legs.
- 1 POT STILL, 4' x 10', stainless steel, with stainless steel condenser, 10" x 10'.
- 1 horizontal LEG TANK, 4' x 6', 550 gallons.
- 1 2-HP MOTOR and PUMP, 1 1/2".
- 1 2000-gallon horizontal black TANK.

(continued)

TECT, INC., EQUIPMENT LIST

Page 2

- 1 1000-gallon TANK, black on legs.
- 1 800-gallon TANK, black on legs
- 1 1½" PUMP and MOTOR (Blackmere type).
- 1 small LAB with miscellaneous glass and equipment.
- 1 lot miscellaneous PIPE and fittings.
- 1 1-ton tow-motor LIFT TRUCK.
- 4 DESKS.
- 2 3-drawer FILING CABINETS.
- 20 unused recoopered DRUMS.
- 300 approximately, DRUMS sludge
- 2 1500-gallon black leg TANKS
- 3 5000-gallon stainless steel TANKS, upright, with legs. New tanks.
- 2 5000-gallon black iron, upright, steel TANKS.
- 1 8" x 12' CONDENSER, steel.
- 1 30' used TRAILER VAN, 2-axle.

Exhibit K

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES - CENTRAL DISTRICT

WATKINS & SHEPARD TRUCKING, a)
Montana corporation,)
)
Plaintiffs,)
)
vs.) Case No.
) BC379287
SOCO WEST, INC., a Delaware)
corporation; D & D INDUSTRIES, a)
California general partnership; MONTRI)
KEYURANGGUL, an individual;)
CHIRAVAN KEYURANGGUL, an)
individual; and DOES 1 through 500,)
inclusive,)
)
Defendants.)
)

DEPOSITION OF:

MONTRI KEYURANGGUL

Wednesday, September 10, 2008; 10:04 p.m.

Reported by:

Stephanie Hardesty

CSR No. 13088

1 Q. What is your current home address?

2 A. 19925 South Ray Circle, Cerritos, California.

3 Q. And how long have you lived there, sir?

4 A. 30 something years.

5 Q. And your current business address?

6 A. 14650 Firestone Boulevard.

7 Q. And what business do you do at the Firestone
8 address?

9 A. We are small manufacturing of silk screening.

10 Q. And do you have any other businesses -- what
11 is the name of that business?

12 A. All-Tex Corporation.

13 Q. How do you spell All-Tex?

14 A. A-l-l, hyphen, T-e-x.

15 Q. Incorporated?

16 A. Yeah.

17 Q. Are you the sole shareholder of that
18 corporation?

19 A. Me, my wife and my daughter.

20 Q. And what percentage is it divided up between
21 the three of you?

22 A. Oh, that, I don't know. I have to get back
23 to you later.

24 Q. You don't know that information?

25 A. I don't.

1 Q. How long has All-Tex been incorporated?

2 A. I'm not sure, maybe about nine or ten years.

3 Q. And has your daughter always been a
4 shareholder?

5 A. No.

6 Q. When did she become a shareholder?

7 A. Last year.

8 Q. Are you involved in any other businesses
9 besides All-Tex?

10 A. No.

11 Q. Where was All-Tex located prior to being on
12 Firestone Boulevard at 14650?

13 A. It's in Norwalk.

14 Q. And do you recall the address?

15 A. 13040, I believe.

16 Q. Did you own that building?

17 A. No.

18 Q. Besides your home residence and 14650
19 Firestone Boulevard, do you own any other properties?

20 A. We have land in Arizona.

21 Q. And when you say "we," is that you and your
22 wife?

23 A. Yeah.

24 Q. And do you still own that property?

25 A. We still make payment on it.

1 A. No.

2 Q. Did you hire anyone to do any investigation
3 on the property for you?

4 A. I actually -- no, until that environmental.

5 MR. HARTNETT: Next document I'd like to mark
6 is a report entitled S&S Commercial Environmental
7 Services, LLC, Environmental Site Assessment. It's
8 Date-stamped LAWB 1498 through 1630 and mark this as
9 Exhibit Number 2.

10 (Exhibit 2 was marked
11 for identification.)

12 BY MR. HARTNETT:

13 Q. Could you take a look at that. Take a moment
14 and review what we marked as Exhibit Number 2.

15 Have you seen that document before?

16 A. Yes.

17 Q. And if we look on the bottom right you'll see
18 numbers. Go to 1502, and this is a letter dated
19 October 20, 1998, directed to Mr. Bob Key; is that
20 you, sir?

21 A. Yes.

22 Q. And do you recall getting this report
23 prepared by S&S Commercial Environmental Services?

24 A. Yes.

25 Q. Did you review the report after you received

1 it?

2 A. I read some of it.

3 Q. And is there a reason why you didn't read all
4 of it?

5 A. Actually, I don't know, because it's some of
6 the financing that they required. It's only a few
7 pages that I read, not all of them.

8 Q. Did you pay for this environmental report?

9 A. Yes.

10 Q. And do you recall how much you paid for it?

11 A. I believe it was \$1,500 or \$2,500.

12 Q. Calling your attention, if we go to on the
13 bottom right, 1522, LAWB, "9.0 Recommendations";
14 do you see that, sir?

15 A. Mm-hmm.

16 Q. And that's at the bottom of page -- it's
17 numbered in the report 21, and then if we turn the
18 page to the next page, 1523, Page Number 22 of the
19 report, if you can read the second paragraph it starts
20 out with "Potential soil contamination."

21 A. You want me to read it?

22 MR. WARD: Read it to yourself.

23 BY MR. HARTNETT:

24 Q. Do you recall reading that section of the
25 report, sir?

1 A. Yeah.

2 Q. You see where it says "Number 4, name of
3 former tenants, unknown"?

4 A. At this time, I did not know.

5 Q. When did you know who the former tenants
6 were, was it after March of --

7 A. After we went to the -- prior to we went to
8 the water board, when I found this one, Soco.

9 Q. So you found out about Soco before or after
10 March 28th, 2001?

11 A. It has to be after this because otherwise I
12 would have put down in here. I don't know. It could
13 be my mistake also. So I don't know, but if I know, I
14 would have put it in.

15 Q. Do you know who Diane Smith is?

16 A. Yes.

17 Q. Who is Diane Smith, what is your
18 understanding of who Diane Smith is?

19 A. (Inaudible Response.)

20 MR. HARTNETT: Next letter is dated
21 October 26th, 2000, from the Law Offices of Diane
22 Smith to Su Han, Regional Water Quality Control Board.

23 (Exhibit 10 was marked
24 for identification.)

25 ///

1 BY MR. HARTNETT:

2 Q. Sir, to answer my question, what is your
3 understanding of who is Ms. Smith is, to the best of
4 your understanding?

5 A. It's a law firm, a lawyer for Soco. That's
6 it. That's all I know.

7 Q. Have you ever had any meetings with
8 Ms. Smith?

9 A. No.

10 Q. Calling your attention to this letter of
11 October 26th, 2000, have you seen document before?

12 A. No.

13 Q. In the correspondence it indicates that
14 All-Tex had a drum of chemicals on the property; is
15 that correct?

16 A. Yes, we do.

17 Q. Do you agree with the statement that
18 Ms. Smith has in her letter in the third paragraph,
19 "Further, Mr. Key and All-Tex knew of the potential
20 presence of substances at the property and knew the
21 details of the site's history at the time All-Tex
22 acquired the property from the prior owner, David
23 Faithe"?

24 A. No.

25 Q. Do you agree or disagree with the next

1 Q. So did you or did you not have an
2 understanding of whether or not your property was
3 contaminated?

4 A. I did not know.

5 Q. Did you do anything in terms of investigation
6 to determine whether or not the assertions were
7 correct?

8 A. I did not hire anybody to investigate or
9 anything.

10 Q. So from 1999 until 2008 you had a property
11 that is allegedly contaminating the area, correct?

12 MR. WARD: Objection --

13 THE WITNESS: The area, I don't know. I
14 don't know.

15 BY MR. HARTNETT:

16 Q. You have no knowledge of that and you've done
17 nothing in terms of investigation, correct?

18 A. No.

19 Q. You haven't spent any money to find out if
20 the allegations of the water board are correct?

21 A. Correct, I didn't spend any money.

22 Q. Did you have an understanding of whether or
23 not Soco West was trying to get you named as a
24 responsible party for the contamination?

25 A. I did not know that.

1 else. He's got his instruction. And you know what
2 went on in that conversation, so please.

3 BY MR. HARTNETT:

4 Q. Did you -- are you refusing to answer?

5 MR. WARD: I instruct you not to answer.

6 BY MR. HARTNETT:

7 Q. So on the advice of counsel, you're not going
8 to answer that question?

9 A. Well, he's representing me.

10 Q. Is that a "yes" or "no"?

11 MR. WARD: Argumentative. He's not going to
12 answer it. He's saying he's taking instruction. I'm
13 representing him. Move on.

14 MR. HARTNETT: I have no more questions for
15 Mr. Key at this time, subject to raising a motion on
16 the items which Mr. Key refused to answer on advice of
17 counsel.

18 MS. ADCOCK: I do have a couple questions.

19 EXAMINATION

20 BY MS. ADCOCK:

21 Q. Mr. Key, did you conduct any further
22 investigation of contamination at the Firestone
23 Boulevard property after you received Exhibit 2, which
24 is this S&S Environmental Assessment Report?

25 A. No, I did not.

Exhibit 1 to Depo of Montri Keyuranggul



STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE

(Non-Residential)

American Industrial Real Estate Association

August 26, 1998

(Date for Reference Purposes)

1. Buyer.

1.1 Montri Keyuraangul

hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close on October 10, 1998 ("Expected Closing Date") to be held by Old Republic Title ("Escrow Holder") whose address is 101 E. Glendale Boulevard

, Phone No. (818) 247-2917, Facsimile No.

upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counter-offer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) An approximate 11,000 building on 14,375 of land

is located in the City of La Mirada

, County of

State of California

, is commonly known by the street address of 14650 Firestone Boulevard

and is legally described as: TBD

(APN: _____).

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Old Republic Title ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which the law of the state in which the Property is located provides is part of the Property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, buss ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating; ventilating; air conditioning equipment ("HVAC"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; wall coverings; and _____

(collectively, the "Improvements").

2.4 Within the time period specified in paragraph 9.1(a), Seller and/or Seller's Broker shall make to Buyer, through escrow, all of the applicable disclosures required by law (See American Industrial Real Estate Association ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement").

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$418,000.00, payable as follows:

(Strike if not applicable)

(a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price):

\$88,000.00

(b) Amount of "New Loan" as defined in paragraph 5.1, if any:

\$ _____

(c) Buyer shall take title to the Property subject to the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)"): _____

(i) An Existing Note ("First Note") with an unpaid principal balance as of the

Closing of approximately:

Said First Note is payable at \$ _____ per month,

Including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____).

\$ _____

(Strike if not applicable)

(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the

Closing of approximately:

Said Second Note is payable at \$ _____ per month,

Including interest at the rate of _____ % per annum until paid (and/or the entire unpaid balance is due on _____).

\$ _____

(Strike if not applicable)

(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the Property, to secure the promissory note of Buyer to Seller described in paragraph 6 ("Purchase Money Note") in the amount of:

\$330,000.00

Total Purchase Price:

\$418,000.00

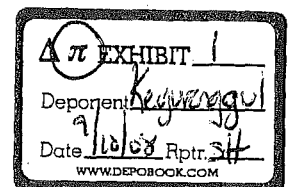
3.2 If an Existing Deed of Trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 Buyer hereby delivers a check in the sum of \$8,000.00, payable to Escrow Holder, to be held uncashed until the Date of Agreement. Such check shall be deposited in accordance with paragraph 4.3 and applied toward the Purchase Price of the Property at the Closing. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

EXHIBIT A



000105

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of \$ _____ to be applied to the Purchase Price at the Closing.

(b) Within 5 business days after the contingencies discussed in paragraph 9.1 (a) through (k) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of \$ _____ to be applied to the Purchase Price at the Closing.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer's Federal Tax Identification Number is _____. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

5. Financing Contingency. (Strike if not applicable)

5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum not less than \$0.00 _____, at terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first trust upon the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.

5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within _____ days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.

5.3 If, after due diligence, Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.

5. Seller Financing (Purchase Money Note). (Strike if not applicable)

6.1 The Purchase Money Note shall provide for interest on unpaid principal at the rate of 9 _____ % per annum, with principal and interest paid as follows: Twenty five (25) year amortization due in ten (10) years, monthly payment equals \$2,769.35 payable in the 10th day of each month. Buyer shall not pay the entire balance of the loan off to Seller in the first five (5) years of the loan term, however, buyer can make principal reduction payments and subsequently reduce the monthly loan payments.

The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.

6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):

* (a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of Buyer.

(b) Late Charge. A late charge of 6% shall be payable with respect to any payment of principal, interest, or other charges, not made within 10 days after it is due.

(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.

6.3 If the Purchase Money Deed of Trust is to be subordinate to other financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.

6.4 WARNING: IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY. CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGMENTS ON SELLER FINANCING.

7. Real Estate Brokers.

7.1 The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

☒ INCO Commercial/B. Romano represents Seller exclusively ("Seller's Broker");

☒ Lee & Associates-Ind./D. Hyne represents Buyer exclusively ("Buyer's Broker"); or

☐ _____ represents both Seller and Buyer ("Dual Agency").

The Parties acknowledge that Brokers are the procuring cause of this Agreement. See paragraph 24 for disclosures regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the property described in paragraph 2.1 for a period of one year from the date above.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counter-offers incorporated herein by the Parties, shall constitute not only the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions restating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions.

8.2 As soon as practical after the receipt of this Agreement and any relevant counter-offers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance.

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (o), 9.4, 9.5, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and in no way constitute instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of the breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall be promptly refunded all funds deposited by Buyer with Escrow Holder, less only Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver, release or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this Escrow is terminated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to the return of Buyer's deposit, Buyer shall within 5 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

as provided for in paragraph 6.1

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3.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT. Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefor by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (i) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) *Disclosure.* Seller shall disclose to Buyer any matters required by applicable law (see paragraph 2.4) and provide Buyer with a completed Property Information Sheet ("Property Information Sheet") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of said disclosures to approve or disapprove the matters disclosed.

(b) *Physical Inspection.* Buyer has 10 or _____ days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) *Hazardous Substance Conditions Report.* Buyer has 30 or _____ days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "Hazardous Substance" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has 30 or _____ days from the receipt of the Property Information Sheet or the Date of Agreement, whichever is later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 10 days of the Date of Agreement.

(e) *Governmental Approvals.* Buyer has 30 or _____ days from the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance ("Title Commitment") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("Underlying Documents") to be delivered to Buyer within 10 or _____ days following the Date of Agreement. Buyer has 10 days from the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to the condition of title. The disapproval of Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) *Survey.* Buyer has 30 or _____ days from the receipt of the Title Commitment and Underlying Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) *Existing Leases and Tenancy Statements.* Seller shall within 10 or _____ days of the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "Existing Leases") affecting the Property, and with a tenancy statement ("Estoppel Certificate") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) *Other Agreements.* Seller shall within 10 or _____ days of the Date of Agreement provide Buyer with legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing. Buyer has 10 days from the receipt of said Other Agreements to satisfy itself with regard to such Agreements.

(j) *Financing.* If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(k) *Existing Notes.* If paragraph 3.1(c) has not been stricken, Seller shall within 10 or _____ days of the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 days from the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof.

(l) *Personal Property.* In the event that any personal property is included in the Purchase Price, Buyer has 10 or _____ days from the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 or _____ days of the Date of Agreement.

(m) *Destruction, Damage or Loss.* There shall not have occurred prior to the Closing, a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this transaction or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this transaction, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(n) *Material Change.* Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a change in the status of the use, occupancy, tenants, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

(o) *Seller Performance.* The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(p) *Warranties.* That each representation and warranty of Seller herein be true and correct as of the Closing. Escrow Holder shall assume that this condition has been satisfied unless notified to the contrary in writing by any Party prior to the Closing.

(q) *Brokerage Fee.* Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("Brokerage Fee"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (p) of paragraph 3.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "Buyer Contingencies."

9.3 If any Buyer's Contingency or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("Disapproved Item"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("Seller's Election"). Seller's failure to give to Buyer within said 10 day period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the election, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this transaction. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this transaction. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's said Elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended to coincide with the expiration of 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within

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which Buyer may elect to proceed with this transaction, whichever is later.

9.4 Buyer understands and agrees that until such time as all Buyer's Contingencies have been satisfied or waived, Seller and/or its agents may solicit, entertain and/or accept back-up offers to purchase the subject Property.

9.5 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on this Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or before Closing:

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing, an original ink signed:

(a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.

(b) If paragraph 3.1(c) has not been stricken, the Beneficiary Statements concerning Existing Note(s).

(c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's Interest in Lease form published by the AIR or its equivalent.

(d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.

(e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.

(f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least three business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.

(g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.

(h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

(a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement for prorations, expenses and adjustments. The balance of the cash portion of the Purchase Price, including Buyer's Escrow charges and other cash charges, if any, shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder as immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date.

(b) If a Purchase Money Note and Purchase Money Deed of Trust are called for by this Agreement, the duly executed originals of those documents, the Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.

(c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.

(d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.

(e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.

(f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected under paragraph 9.1(f)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 Taxes. Real property taxes and special assessment bonds payable by the owner of the Property shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment shall be made promptly in cash upon receipt of a copy of any such supplemental bill of the amount necessary to accomplish such proration.

11.2 Insurance. WARNING: The insurance coverage which Seller maintained on the Property will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 Rentals, Interest and Expenses. Collected rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 Security Deposit. Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 Post Closing Matters. Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 Variations in Existing Note Balances. In the event that Buyer is taking title to the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the Closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.

11.7 Variations in New Loan Balance. In the event Buyer is obtaining a New Loan and in the event that the amount of the New Loan actually obtained is greater than the amount set forth in paragraph 5.1 hereof, the Purchase Money Note, if one is called for in this transaction, shall be reduced by the excess of the actual face amount of the New Loan over such amount as designated in paragraph 5.1 hereof.

12. Representation and Warranties of Seller and Disclaimers.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of three years, and, are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

(a) Authority of Seller. Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) Maintenance During Escrow and Equipment Condition At Closing. Except as otherwise provided in paragraph 9.1(f) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted. The HVAC, plumbing, elevators, loading doors and electrical systems shall be in good operating order and condition at the time of Closing.

(c) Hazardous Substances/Storage Tanks. Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) Compliance. Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement be performed on the Property.

(e) Changes in Agreements. Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) Possessory Rights. Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) Mechanics' Liens. There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

(h) Actions, Suits or Proceedings. Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) Notice of Changes. Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(n)) affecting the Property that becomes known to Seller prior to the Closing.

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(J) *No Tenant Bankruptcy Proceedings.* Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

(K) *No Seller Bankruptcy Proceedings.* Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

(l) *Personal Property.* Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have waived all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

If any Party or Broker brings an action or proceeding (including arbitration) involving the Property, to enforce the terms hereof, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments.

17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.

17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.

18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger or by mail, postage prepaid, to the address set forth in this Agreement or by facsimile transmission.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. Communications transmitted by facsimile transmission shall be deemed delivered upon telephonic confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of _____ on the date of _____, it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initiated by both Parties.)

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$8,000.00. UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

M.K.

Buyer Initials

[Signature]

Seller Initials

22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initiated by both Parties.)

22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. ANY SUCH CONTROVERSY SHALL BE ARBITRATED BY THREE ARBITRATORS WHO SHALL BE IMPARTIAL REAL ESTATE BROKERS WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THEY SHALL BE APPOINTED UNDER THE COMMERCIAL RULES. THE ARBITRATORS SHALL

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